

EXHIBIT 2

Israeli billionaire arrested in international money laundering probe

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Beny Steinmetz. (photo credit:REUTERS)

Israeli billionaire Beny Steinmetz and acting Bezeq CEO David Granot were among five individuals detained by police Monday morning in an international money-laundering investigation centering around Steinmetz, a diamond and real estate magnate.

Tal Zilberstein, an Israeli political consultant to the Austrian government, attorney Doron Levy, and Asher Avidan, a former senior executive of Steinmetz's in the African country of Guinea and president of BSGR corporation mining division, were also detained.

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The five men are being questioned by the Israel Police's Lahav 433 Division and Swiss Police about allegations of large-scale fraud, breach of trust, bribery, obstruction of justice and false registration of corporate documents.

It is surmised that the the suspects were working with Steinmetz in a systematic way in order to create and present false contracts and deals, mainly in the real estate sphere in foreign countries. They were allegedly doing so in

order to transfer and launder money. While police extended Steinmetz's and Zilberstein's detention to four days, Granot was released later in the day and was permitted to go back to work.

Steinmetz has denied all wrongdoing in court on Monday.

"I feel awful that the State of Israel is doing this to me. [These measures] are common in a authoritarian regime," he said. "I have done nothing wrong, I was politically targeted."

He also accused billionaire George Soros of targeting him over a personal vendetta involving his business interests in Guinea.

Steinmetz, 60, has been under investigation for several years — in part for his involvement in potentially illegal real-estate dealings his company has conducted in Guinea.

Last December, he was placed under house arrest during a probe into bribery allegations related to the activities of his mining firm BSG Resources in Africa.

Steinmetz was born in Netanya to a prominent diamond dealer with offices in Switzerland and Belgium. He moved to Belgium in 1978 to run his father's international diamond business, the Steinmetz Diamond Group (SDG).

Following his father's death, Steinmetz inherited the Geneva-based company, which he then chaired. In 2010, SDG was the largest buyer of rough diamonds for the international De Beers diamond group.

In 2014, Steinmetz sold his shares in SDG to his brother, Daniel, to focus solely on BSGR.

BSGR, which Steinmetz founded in 1998, is headquartered in the known tax shelter of Guernsey Island.

The company is an international resources and power conglomerate with a heavy presence in Africa and the developing world. The bulk of BSGR's activities currently focuses on the mining of diamonds, copper, iron ore and gold.

In 2011, Forbes listed Steinmetz as the 162nd richest man in the world — worth more than \$6 billion. Bloomberg estimated his personal wealth at \$9 billion.

According to *The New Yorker*, the corporate structures of his various enterprises are so convoluted that it is difficult to assess the true extent of his holdings.

For example, on paper, Steinmetz does not serve in any executive capacity at his own creation, BSGR, and is described by the company solely as an "adviser and beneficiary to the incomes of the group's companies."

Meanwhile, he has repeatedly fallen into conflict with Israel's Tax Authority over his status at BSGR, since he pays tax in Israel only for "advisory fees."

Former attorney-general Meni Mazuz suspected Steinmetz of large-scale tax evasion in 2009 and ordered a probe into the tycoon's affairs.

"The [suspected] offenses are offenses that were made deliberately and maliciously in order to evade tax and make wrongful gains," Mazuz wrote in the probe case file.

That probe, however, never developed into a criminal investigation.

During his arraignment, Avshalom Ahrak, the officer in charge of the case, told the judge that Steinmetz's release would hinder the investigation.

"With his capacities to interfere, [Steinmetz] has proven to us that if he were to be released, he could take actions

that would interfere with the investigation,” he said.

Bezeq head Granot only recently took over the chairmanship of the company’s board of directors after Shaul Elovitch was barred from the telecom giant, because of the Israel Securities Authority investigation into dealings between Bezeq and other companies Elovitch controls.

Granot was released Monday, and will be allowed to continue in his position at Bezeq, as the investigation is not related to the company.

But Austria’s Social Democratic Party terminated Zilberstein following his arrest.

“Tal Zilberstein advised the election campaign for the Social Democratic Party of Austria, and did social science research in the field of public opinion polling,” the party’s campaign manager, Georg Niedermühlbichler, told the APA-OTS news agency.

“The SPÖ is ceasing cooperation with Silberstein, effective immediately,” he added.

The investigation is being conducted with the cooperation of overseas law enforcement agencies and in concert with the Israel Money Laundering and Terror Financing Prohibition Authority — and under the direction of the Economic Department and the Department of International Affairs in the State Attorney’s Office.

Tal Zilberstein first made headlines when he ran a pro-peace campaign following the assassination of Prime Minister Yitzhak Rabin called “Dor Shalem Doresh Shalom.”

He became a strategist for politicians, working for prime ministers Ehud Barak and Ehud Olmert, and, briefly in 2009, Benjamin Netanyahu. Police recommended indicting him in Barak’s non-profit organization scandal but the attorney-general decided against it. He most recently ran the Labor leadership campaign of Erel Margalit together with strategist Moshe Klughaft.

Zilberstein’s attorney Eyal Rozovsky denied any wrongdoing on the part of his client. He told Army Radio that Zilberstein was taken by surprise when police came Monday to question him and that was his client is being accused of was still unclear, but that it did not include bribery.